

Intra-governmental Eliminations Taskforce (IGET) Meeting
April 29, 1999
Minutes

Introduction

This is a summary of the first Intra-Governmental Eliminations Task Force meeting held this fiscal year to address the elimination issues which relate to the Financial Report of the United States Government. The purpose of the meeting was to discuss both the FY 1998 results and the FY 1999 objectives. The meeting was well attended by representatives from both the Inspector General (IG) and FACTS ATB preparers. The afternoon meeting was held at the Department of the Transportation. The meeting was chaired by Jeff Hoge.

Background:

- Requirement to produce a governmentwide audited financial statement is a result of the Government Management Reform Act (GMRA) of 1994.
- After the elimination of interagency transactions and the consolidation of individual ATBs the entire government becomes one financial entity.
- Treasury relies on the Federal Agencies' Centralized Trial-balances, FACTS, data to prepare the Financial Report (FR) of the United States Government.
- Without good numbers and the proper use of G and N indicators for interagency transactions the ability to properly identify and eliminate these transactions for FR purposes is difficult. This critical task must be accomplished within six weeks.
- Material differences exist between intra-governmental debit and credit balances. GAO estimates this number to be greater than \$250 billion.
- These elimination differences destroy confidence in the FR.

Review of FY 1998 Results:

- The task force agreed upon four categories on which to focus:
 - Investments and Federal Debt Securities
 - Loans Receivable and Amounts Due Treasury
 - Interest Receivable and Interest Payable
 - Interest Revenue and Interest Expense
- Handouts were given that detail the progress made in these four categories for FY 1998 reporting.
- Differences were reduced dramatically in the four targeted categories.
- A sample worksheet that the team used to analyze elimination differences was handed out.
- The process that was used to identify differences between agencies and the Bureau of the Public Debt was explained by Lori Eason. BPD figures were compared with agency reporting at the fund symbol level. For investments many differences are due to differing methods of amortization. Other differences are due to reporting based on

varying interpretations of guidance. For example, following OMB Form & Content, the reporting for the Military Retirement Fund associated interest with the asset by reporting interest receivable to SGL account 1690G rather than 1340G as the SGL guidance requires. This was the source of a difference over \$4 billion.

FY 1999 Objectives:

- Jeff explained that by early summer the task force must issue guidance to the agencies. He said that prior to the next meeting we would issue a draft of the KPMG guidance for the members' review and comments. Also, the FACTS chapter in the TFM will be issued in July and we need to have guidance in there for interagency transactions.
- The group stressed the urgency of having audit procedures for inter-agency balances. They, also, felt an inter-agency verification requirement should be included in the OMB, Form and Content of Agencies Financial Statements.
- By the end of June processes must be developed, 1) for BPD and FFB to disseminate their information to the agencies and, 2) for reconciling fiduciary type transactions between agencies.
- For FY99, in addition to the above 4 categories the guidance will address DOL FECA transactions and Office of Personnel Management transactions for Pensions, Life Insurance and Health Benefits.
- FMS did a lot of work on the investment and loan categories last year. From this point forward agencies should be confirming balances with their partners for the four categories above. FMS will take the lead on the two new categories.
- Jeff suggested that possibly BPD could put their data on the Web. There was agency representative support for this idea.
- A group member mentioned that knowing whom to call at an agency is a problem. Jeff suggested that we update the list of agency contacts.
- Jeff stressed that for now elimination work must focus on specific areas – that they need to get investments and loans down before they work on other categories.
- DOD mentioned that verification of elimination transactions should be an on going process and not occur just at the end of the year.
- Jeff pointed out that when there is a disagreement as to what reciprocating accounts are used, the SGL standard transactions will be the guidance.
- Jeff gave some background on IPA, the redesign of OPAC. He said it will capture the fund symbol and also will have the capability to send zero dollar messages that could be used to notify partner agencies of a transaction.
- There was some discussion on the verification process that FMS requires and about having agencies reconcile what was reported to FACTS. Jeff said there's going to be an interagency work group to re-examine the verification process and identify what would work better. The goal being that the data an agency uses to produce their statements is the same data that is sent to FMS via FACTS. Jeff said there is a commitment in FMS to make this process better. He asked that group members write down their feedback/input on this process and send it to him.
- The group agreed that immediate feedback of ATBs would be significant to the verification process.

- Again, Jeff stressed that this is an open forum on the verification process and asked that the group members write down their input and send it to him within two weeks.
- It was agreed that the next meeting of the Intra-governmental Eliminations Task Force would be in three weeks.

The next meeting of the Intra-governmental Eliminations Task Force will be at:
 Department of Agriculture
 South Administration Building, Room 3017
 May 20, 1999, 1:30 p.m. – 4:00 p.m.

Attendees:

BPD	Sandy Jones
BPD	Crystal Antoline
DOC	Lisa Casias
DOC	Tony Akande
DOC	Gary Gilbertson
DOD	Oscar Covell
DOD - IG	Susie Brittingham
DOD - IG	Tom Byers
DOJ	Neil Ryder
DOJ	Chris Alvarez
DOL	Veronica Freeman
FMS	Kathy Wages
FMS	Colleen Grahm
FMS	Joseph Wang
HHS	Kevin Kuesters
OPM	Bob Yuran
OPM	Mike Finucan
SSA	Stephanie Walter
SSA	Joanne Rosenkilde
State	Arnold Lee
Treasury -IG	Joe Dennis
Treasury -IG	Lonella Lontok
USAID	Eileen White
USDA	Mela Jo Kubacki
USDA	Margo Erny
USDA	Toni Allen-Shaw